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C O N F I D E N T I A L SECTION 01 OF 03 TEGUCIGALPA 000863

SIPDIS

DEPARTMENT FOR WHA A/S THOMAS SHANNON

E.O. 12958: DECL: 09/15/2018

TAGS: PGOV PREL KDEM EFIN EAID ECON SOCI HO

SUBJECT: CAN PRESIDENT ZELAYA BE BROUGHT BACK TO THE FOLD?

REF: TEGUCIGALPA 849

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Classified By: Ambassador Hugo Llorens, reasons 1.4 (B & D)

¶1. (C) Summary: Zelaya is a contrarian with a chip on his shoulder who has nonetheless made it to the pinnacle of Honduran politics. We think his move to the left was in part prompted by his group of leftist advisors, his declining popularity, increasingly shrill personal attacks on him by the conservative media, the lure of easy Venezuelan money and his own feeling of being an outsider. Through his own follies and missteps, he alienated his party, the media, the national business elite and even his once loyal public, and is now almost completely isolated. He appears to have been unable to secure his future post-election by getting allies onto the election slates or other positions of power (Supreme Court and Attorney General's office), which has made him so desperate as to turn to Hugo Chavez. We believe that if handled correctly, the United States can maintain constructive ties with Zelaya, although we expect him to continue to seek to expand relations with Chavez. (Note: The negative reaction from us and his public to his slap at the United States by delaying acceptance of our new Ambassador's credentials may have given him pause. End Note.) We believe the most critical period stretches from now until the November primaries, as once two viable democratic candidates are selected, Zelaya's power will diminish dramatically. The period following the primaries and until a new U.S. administration comes on board will be a time of uncertainty, and we could ease Zelaya's fears and show the USG is interested in Honduras by showing public support, especially with high-level USG visitors. With only 16 months left before Zelaya leaves office, our goal should be to ensure that he successfully completes his term, and that we maintain good cooperation on issues of core national security. To achieve this we will need a proactive diplomatic strategy centered on a positive agenda that makes the case to Zelaya, the political and business classes and the Honduran people, that their balance sheet is best served by working with the Untied States and cooperating to advance common objectives. A key part of our approach is to work

with Honduras and the international community to ensure that viable (free and fair) primaries and elections are held and that the constitutional process of succession beyond Zelaya continues unimpaired. End Summary.

(C) Cowboy, Outsider, Rebel

¶2. (C) Manuel "Mel" Zelaya's closest advisors repeatedly tell us that he is passionate, volatile and unpredictable. He is a product of his upbringing in the "wild, wild west" of Hondurans, and reflects it in everything he does, from his dress to his speech. He did not grow up in a big city, and he did not go to the American School of Tegucigalpa, where future Honduran leaders are traditionally formed, or any other elite international school in Honduras, so he has always felt like an outsider from the power classes. His family has money, but it was earned by working the land, not the political system. Zelaya is often ridiculed for his lack of a university degree (he only took a handful of classes) and lack of English-language skills, and close advisors tell us that he has a "chip on his shoulder" and that these criticisms hurt him deeply. Because of this, Zelaya fashions himself a rebel -- driving a Harley-Davidson motorcycle and lashing out under pressure.

¶3. (C) Despite being an outsider, Zelaya is an adept political animal and has achieved the greatest of Honduran political goals -- becoming President of the Republic. He achieved this by working his way up through the party ranks through years of filling all the important party positions. He is also extremely popular with the poor because he looks like them (wears boots and cowboy hats) and talks like them in simple Spanish. Post-election, Zelaya had incredibly high polling numbers that hovered in the 80 percentile.

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Zelaya's Move to the Left

¶4. (C) It was only once safely ensconced in the office of the President that we begin to see Zelaya move towards the left. We believe he did this for two reasons: 1) he surrounded himself with a group of advisors who are traditional European-style socialists, including Liberal Party President Patricia Rodas who has strong ties to Nicaraguan Sandinistas, who pushed him in that directions (these advisors have been dubbed "patricios" by the press); and 2) he began to use populist rhetoric to attack traditional elites to garner support among the majority of the population. (Comment: While his attacks on the elites have a populist tint, much of what he says on how the traditional power elite have abused the resources of this country for their own personal gain tracks with our and other outsiders' analysis. End Comment.)

Clashes with the Public

¶5. (C) As Zelaya and his "patricios" began the difficult job of governing, they proposed programs that made little economic sense. In addition, Zelaya did almost nothing to build support for these programs before announcing them, usually catching the rest of the country by surprise. In one instance, Zelaya attempted to create a state monopoly for fuel imports and take over fuel storage tanks. He heavily subsidized motor fuels, at considerable budgetary cost, and capped electricity rates in the face of sharply rising fuel prices. When these policies became unsustainable financially, he then proposed to ration fuel by requiring car owners to choose one day a week when they would not drive ("Hoy no Circula"), but did not consider that Hondurans do not have any safe and reliable public transportation options. Time and again, Zelaya clashed with the general public by not taking the time to vet his ideas or consider the consequences.

Clashes with the Political and Business Class

16. (C) Zelaya also had multiple public clashes with other powerful public figures, including from his own party. Zelaya fought with President of the Congress Roberto Micheletti (Liberal Party) over multiple issues, including a prosecutors' strike and electoral reform, and although Micheletti came out bruised, most experts agree that Zelaya lost every battle. Zelaya clashed with the Congress on many other issues, and often simply pocket vetoed their bills. This is a presidential tradition in Honduras, but it infuriated the Congress nonetheless. He fought with Supreme Court Chief Justice Vilma Morales (National Party) over "Hoy no Circula" and Micheletti's candidacy, losing both of those battles. Zelaya also clashed with the Attorney General over the search of former Hondutel Director Marcelo Chimirri's offices and residence and the subsequent arrest warrant, despite the fact that the search had been ordered based on a complaint filed by Zelaya himself. And finally, he had myriad private clashes with the elite businesspeople of the country, and usually ended them by having their business permits pulled and/or their tax returns audited.

Zelaya Isolated

17. (C) As Zelaya's clashes with the public, the political class, and the business class increased, his popularity plummeted. He appeared to have backed himself into a corner without allies, and had few prospects for the future. To continue to influence politics after his term, Zelaya knew he would have to place allies into positions of influence, but despite attempts at negotiations, none of the three Liberal candidates vying to replace him agreed to take on any of the "patricios" on their slates as congressional candidates, and only a handful of Zelaya loyalists have made it onto any slate in any capacity.

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Nowhere to Turn

18. (C) Frustrated and isolated, Zelaya looked for something dramatic to drum up support and/or bring in new funds to buy new allies. Zelaya had flirted with Hugo Chavez before and received a few shipments of subsidized fuel through Petrocaribe. Since the Petrocaribe deal, with its promises of new funds from the sale of subsidized oil, passed Congress, Zelaya probably decided that the public and the Congress would agree to another deal with Chavez -- ALBA -- if it meant major funding flowing into Honduras. And when Chavez called Zelaya out during a rally in Nicaragua on July 19, pushing him to make a decision on ALBA, Zelaya appeared to believe he had no other options. What followed the August 25 signing ceremony was an almost universal public and media rejection of Chavez and ALBA, something that Zelaya was probably not expecting, but something that increased his feelings of isolation.

The Credentialing Ceremony

19. (C) Zelaya's decision to cancel the Ambassador's credentialing ceremony was probably made at the last moment in the middle of the night (see reftel). The negative public reaction (and our private warnings of consequences) were probably far stronger than he had imagined. He has now taken a step backwards and has worked to repair relations, first by quickly changing his rhetoric and praising U.S. assistance, by calling the event a postponement instead of a cancellation, and by rescheduling; by reaching out to the Embassy through a number of channels, including to the new Ambassador on two occasions, to reassure us of his desire to have good relations; and in general by making several public announcements on the importance of good relations with the United States.

Comment

¶10. (C) With only 16 months before he leaves office, our goal is to get Zelaya through his term without causing any irreparable damage to bilateral relations or to Honduras, future development possibilities, and to minimize further expansion of relations with Chavez. Successful elections that lead to a successor will play a key role. We intend to work with the other donor nations and international organizations to support this end. Party primary elections will be held in November and will produce two clear potential successors. The period from now until these primaries are held will be key. Public attention will turn to the victorious candidates and Zelaya will become less and less influential.

¶11. (C) Public criticism of Zelaya will only make him feel more isolated. We recommend keeping our criticism private and supporting him, when plausible, in public. We need to reduce his level of fear and suspicion toward us. We believe that a proactive agenda including the scheduling of USG high-level visitors, such as WHA A/S Thomas Shannon and others, including Congressional leaders, particularly over the next couple of months before the coming U.S. transition would be very helpful in conveying our support for Honduran democracy and the electoral process, easing friction with Zelaya and boosting his sense of personal security, and sending the message that the United States is focused on what is happening in Honduras. The "patricios" would probably be only too happy to hope that the United States retaliate and disengage, which opens the door more widely for Chavez and the Cubans. We will also encourage Zelaya and his supporters, as well as other key political and business players, to lessen tensions. For Zelaya's opponents, an effort to bring him back to the fold may be the best way to get him away from Chavez's deadly embrace. End Comment.

LLORENS